Securing Retirement Income for Life: Social Security and Defined Contribution Plans

Understanding the Case for Delaying Social Security, If You Can

A Public Education Initiative

Virginia P. Reno
Vice President for Income Security, NASI
Email: vreno@nasi.org
Website: www.nasi.org
The Education Initiative

To clarify the financial advantages of delaying Social Security

• For middle & lower-middle income workers (50-62)

Trusted organizations:
  ◦ National Women’s Law Center
  ◦ National Urban League
  ◦ National Council of La Raza
  ◦ Center for Rural Strategies
  ◦ AARP and others

• Advisors: Financial writers, retirement planners, print media
Monthly Social Security Benefits Are Higher If You Wait
Example: A worker earns a $1,000 benefit at full retirement age of 66

Source: SSA
The Gains From Delay Are Not Well Known

- Increase was enacted 30 years ago-
  Very slow phase-in.
- The 1983 increase in delay retirement credit (DRC) from 3% to 8% is in
  now place for people reaching 70 in 2013 and later.
Questions to Consider

- The longer you live, the more important Social Security is likely to be.
  - It lasts as long as you live.
  - It keeps up with inflation.
  - Other source often decline with age.
At older ages more beneficiaries get most of their income from Social Security

65 to 69

Social Security is most of total income

80 and older
Life Expectancy

- The blessing of a long life brings the risk of outliving your money.

- At 65 today, on average:
  - Women live beyond age 86
  - Men live beyond age 84

- Nearly 4 in 10 women and 3 in 10 men will reach age 90.
Couples Have Two Lives To Plan For

- Of 65-year-old couples today, more than half (57%) expected to have one spouse live beyond 90.
Is There a Risk In Waiting?

Will Social Security still be there?

- Social Security is much stronger than most people recognize.
- Policymakers have many options to gradually adjust Social Security to keep it strong.
- Your decision when to take Social Security will not affect its capacity to pay benefits.
- Large majorities of Americans support it and say they are willing to pay more, if needed, to keep it strong.
Willingness To Pay For Social Security

Percent agreeing: It is critical that we preserve Social Security for future generations, even if it means increasing *working* Americans' contributions to Social Security taxes.
Willingness To Pay For Social Security

Percent agreeing: It is critical that we preserve Social Security for future generations, even if it means increasing wealthier Americans' contributions to Social Security taxes.
For More Information

- Social Security: Just the Facts  

- Social Security: Americans Agree  

- Forthcoming
  - Video: Social Security: When to Take Benefits
  - Fact Sheet: When Should I Take Social Security?
  - Brief: When Should I take Social Security: Questions to Consider